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THE Cotton SITUATION

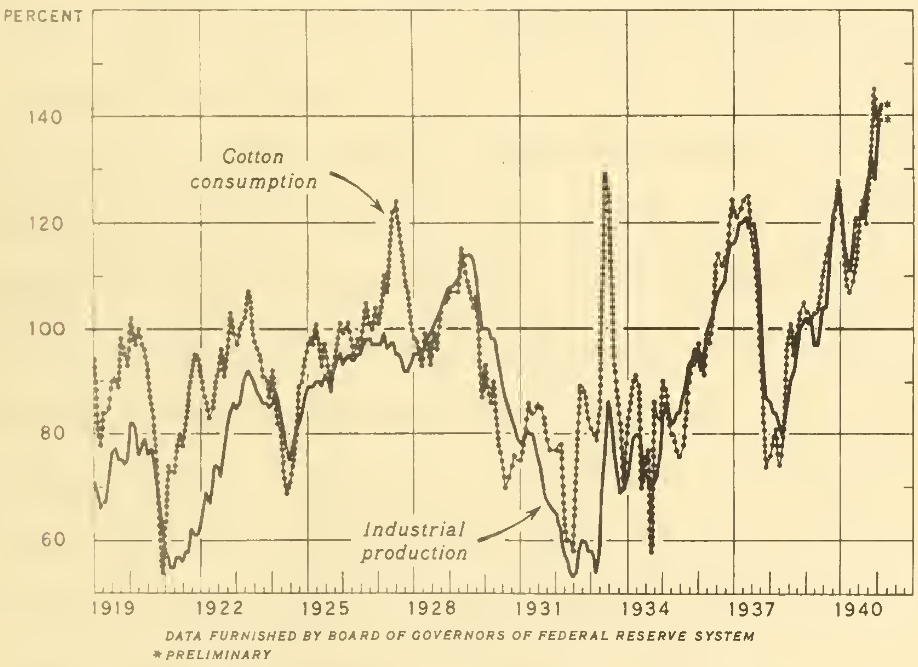
BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

CS-53 BAE MARCH 1941

SPRING OUTLOOK ISSUE

COTTON CONSUMPTION AND INDUSTRIAL PRODUCTION, UNITED STATES, 1919-41

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION



DATA FURNISHED BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM
* PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE NEG. 20570 BUREAU OF AGRICULTURAL ECONOMICS

Mill consumption of cotton is closely associated with changes in industrial activity, partly because mill operators base their estimates of the future demand for cotton goods upon the general course of business activity. In addition, changes in industrial production are accompanied by corresponding variations in consumer incomes and purchases of cotton goods. Sometimes, as in 1921 and 1932, the price of cotton falls so low as to stimulate comsumption in spite of opposing tendencies in general industry. The present high level of both cotton consumption and industrial production is partially the result of the national defense program.

THE COTTON SITUATION
Spring Outlook Issue

Summary

This is the fourth consecutive year that the world supply of American cotton has been close to 25 million bales and the world supply of all kinds of cotton near 50 million. United States consumption will set a new record and probably total about 9 or 9-1/4 million bales, but the quantity being manufactured in foreign countries, particularly in Europe, is so low that world consumption of both American and foreign cotton will be much less this year than last. This will increase the end-of-season (July 31, 1941) carry-over of both American and foreign cotton to record or near-record levels.

The high level of domestic cotton consumption this season results in part from direct Government purchases of cotton textiles and products requirin cotton in their manufacturing in connection with the national defense program. The high level of business activity and industrial production with accompanyin increased consumer incomes also contributes to a high level of cotton consumption. A third class of contributing factors are the Government's surplus disposal programs which include subsidies on exports of cotton textiles, the Mattress, Stamp Plan, Cotton Bagging for Cotton Bales and the Cotton Insulatior Programs. If the national defense program continues on as large a scale as now seems likely and these various programs designed to encourage cotton consumption are as important next season as this, consumption may be at a record or near-record level again next season.

Largely as a result of the European and Asiatic wars the total consumption of cotton in foreign countries has been greatly restricted this season. American cotton appears likely to have accounted for a considerable part of the total reduction despite a sharp decline in foreign stocks of the United States staple. Consumption in Canada and India will be at a high level this season, supported in part by textile purchases by the British Government. In the United Kingdom cotton consumption continued at a comparatively high level until quite recently when domestic civilian consumption was further restricted and steps taken to reduce mill activity as a means of freeing labor for use in munitions plants and to reducing the needs of the cotton industry on foreign exchange and shipping space. In Japan increased costs and greatly restricted outlets for textiles have resulted in the accumulation of extremely large cotton cloth stocks despite a considerable reduction in output. Continental Europe has been practically cut off from all outside sources of cotton as a result of the British blockade and consumption has consequently been at a very low level. As long as the European and Asiatic wars continue at their present intensity, cotton consumption in foreign countries as a whole is likely to remain relatively low.

Exports so far this season have been less than one-fifth as large as a year earlier and through February totaled only 725,000 bales. It now appears that for the entire season exports may not exceed 1 million bales. This is considerably below estimated foreign consumption of American cotton thereby indicating that foreign mills are drawing heavily on stocks this season.

The spot price of Middling 15/16-inch cotton in the 10 markets averaged 9.79 cents for the first 7 months of this season compared with 9.84 cents a year ago. After falling for the first 2-1/2 months of this season the price of cotton began a rise which carried it to a new high level for the season of 10.70 cents on March 19, and since then it has held rather close to that level.

The price of American cotton is relatively higher than that of Brazilian in the Orient and Canada, but at Liverpool the price ratios of the various growths favor the use of American cotton. The general shipping and trade situation, however, has contributed to the failure of this price advantage to be fully reflected in exports to the United Kingdom.

-- March 27, 1941

OUTLOOK FOR THE REMAINDER OF 1940-41

Increased production and decreased consumption result in record end-of-season carry-over

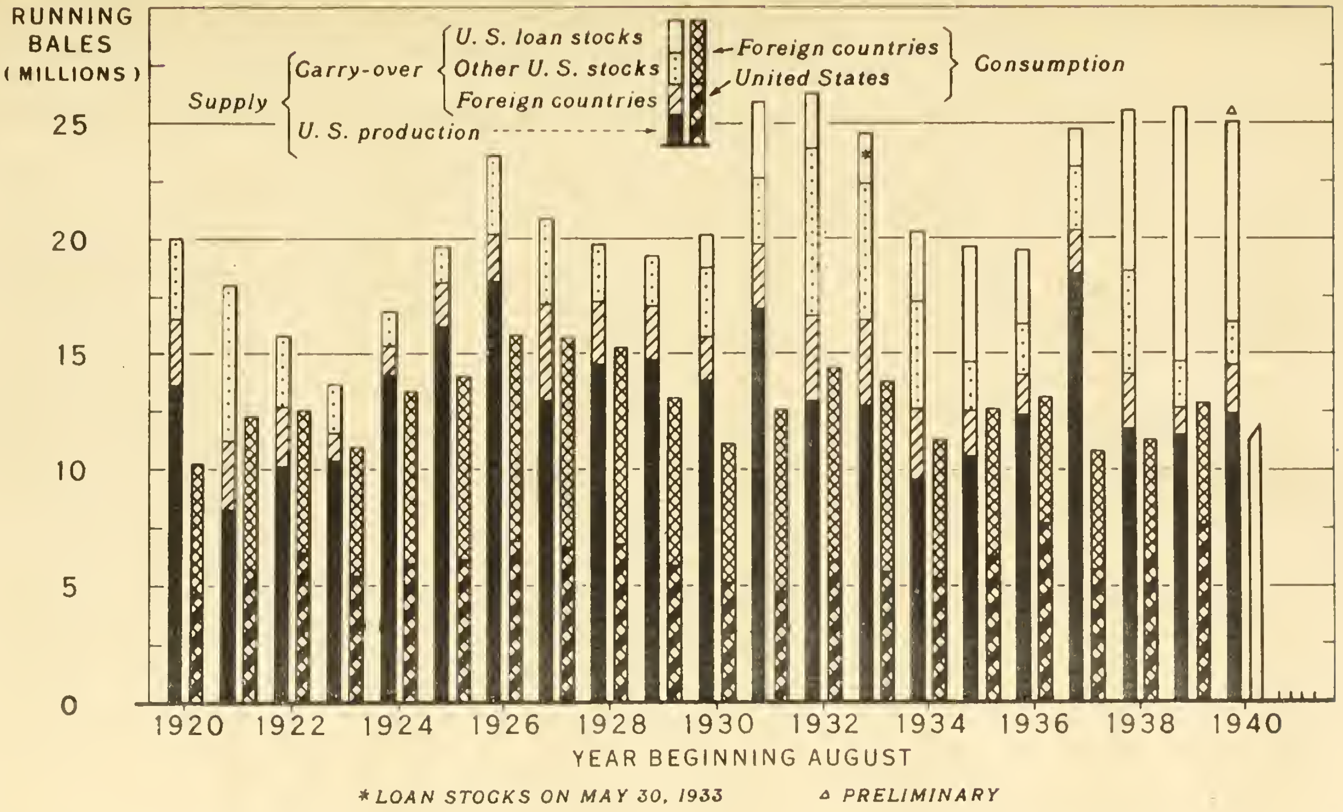
At the beginning of the current marketing season (August 1) the worl carry-over of American cotton was 12.7 million bales compared with the all-time high of 14.1 million bales a year earlier, according to the present est mates of the New York Cotton Exchange Service (fig. 1 and table 1). Government owned and held stocks declined during this period from 11 million to 8. million bales. The production of 12.5 million bales of American cotton thi season exceeded the production a year ago, but the increase was more than of set by the decline in carry-over, and the world supply of American cotton de clined from 25.7 million bales for the 1939-40 season to 25.2 million in the 1940-41 season. At the same time a slightly larger carry-over of foreign co ton and larger foreign production increased the total supply of foreign commercial cotton this year, giving a world supply of all kinds of cotton of ap proximately 50 million bales (fig. 2 and 3 and tables 2 and 3). This is the fourth consecutive year that the world supply of commercial cotton has been close to 50 million bales.

The readers of The Cotton Situation have been advised monthly of the prospects for a record consumption of cotton in the United States and Canad The same has apparently been true of mill consumption in India. Neverthele total world consumption of all kinds of cotton is expected to be much smalle this season (1940-41) than last season. Of the total world consumption, it now expected that something like 11 to 11-1/2 million bales will be America cotton compared with about 13 million bales last season. Information on the quantity of cotton being used in continental Europe is extremely meager, but it is undoubtedly very low. This and reduced consumption in Great Britain, Japan and China will also result in a much smaller world consumption of foreign cotton this season than in 1939-40.

From August through February exports of American cotton totaled only 725,000 bales (tables 5 and 6). This is a reduction of 85 percent from the corresponding figure last season and the lowest since data by months first b came available in 1867. It now appears that exports for the current season may not exceed 1 million bales. The Asiatic and European wars and the resul ing shortages of transportation facilities and foreign exchange and restrictions on civilian cotton textile consumption, together with the use of accum lated stocks of raw cotton in some countries have been important factors con tributing to the greatly reduced exports. In addition, American cotton has been relatively overpriced in comparison with other growths in the Orient an Canada, which has also tended to depress exports this season.

On the basis of the supply and expected consumption of American cotto it seems likely that the world carry-over of American cotton at the end of t current season will be from 13-3/4 to 14-1/4 million bales. Last year American cotton totaled 12-3/4 million bales. The carry-over of foreign cotton may increase even more than American. It will likely exceed the previous hi by a substantial amount.

COTTON, AMERICAN: WORLD SUPPLY AND CONSUMPTION, 1920-40



U. S. DEPARTMENT OF AGRICULTURE NEG. 38598 BUREAU OF AGRICULTURAL ECONOMICS

Figure 1.- The 1940-41 season is the fourth consecutive year that the world supply (carry-over plus production) of American cotton has been close to 25 million bales. Except for 1931-33 and 1926, the supply before these years never exceeded 21 million bales. In the last 3 years the carry-over has constituted 50 percent or more of the supply, with 50 to 78 percent of the carry-over consisting of Government loan stocks. The near-record consumption in the United States last season largely offset the low consumption of American cotton in foreign countries, the world total being about average. World consumption of American during the current season now seems likely to drop considerably below average even with a record high domestic utilization. This will likely result in a carry-over on August 1, 1941 considerably larger than a year earlier.

Table 1.- Cotton, American: World supply and consumption, 1920-40

Year beginning August	Supply						Mill consumption 1/		
	World production	Carry-over August 1				World total supply	United States	Foreign countries	World total consumption
		United States		Foreign countries	World total carry-over				
		Loan stocks	Other stocks						
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
1920	13,664	0	3,541	2,797	6,338	20,002	4,677	5,591	10,268
1921	8,285	0	6,724	2,950	9,674	17,959	5,613	6,596	12,209
1922	10,124	0	3,156	2,524	5,680	15,804	6,325	6,124	12,449
1923	10,330	0	2,129	1,189	3,318	13,648	5,353	5,564	10,917
1924	14,006	0	1,439	1,272	2,711	16,717	5,917	7,394	13,311
1925	16,181	0	1,503	1,877	3,380	19,561	6,176	7,834	14,010
1926	18,162	0	3,413	2,088	5,501	23,663	6,880	8,868	15,748
1927	12,957	0	3,662	4,183	7,845	20,802	6,535	9,041	15,576
1928	14,555	0	2,425	2,781	5,206	19,761	6,778	8,448	15,226
1929	14,716	0	2,131	2,386	4,517	19,233	5,803	7,218	13,021
1930	13,873	1,312	3,010	1,865	6,187	20,060	5,084	5,972	11,056
1931	16,877	3,393	2,870	2,713	8,976	25,853	4,744	7,784	12,528
1932	12,961	2,379	7,201	3,683	13,263	26,224	6,004	8,381	14,385
1933	12,712	2/ 2,206	5,875	3,728	11,809	24,521	5,553	8,227	13,780
1934	9,576	3,037	4,611	3,053	10,701	20,277	5,241	5,965	11,206
1935	10,495	6,027	1,110	1,904	9,041	19,536	6,221	6,282	12,503
1936	12,375	3,237	2,099	1,662	6,998	19,373	7,768	5,325	13,093
1937	18,412	1,665	2,722	1,848	6,235	24,647	5,616	5,179	10,795
1938	11,665	6,964	4,482	2,341	13,787	25,452	6,730	4,513	11,249
1939	11,516	11,049	1,907	1,181	14,137	25,653	7,655	5,233	12,876
1940 3/	12,525	8,717	1,883	2,073	12,692	25,217			

Compiled mostly from reports of the Bureau of the Census and the New York Cotton Exchange Service.

1/ Excluding from 20,000 to 75,000 bales destroyed annually.
2/ Loan stocks on May 30, 1933; August 1 stocks not available.
3/ Preliminary.

Domestic consumption will greatly exceed previous record high

During the first 7 months of the current season domestic cotton consumption has totaled 5.2 million bales (table 7). This is 11 percent greater than in the corresponding months last season and 29 percent above the average for these months in the 5 years 1935-39. This level of consumption is considerably higher than was anticipated earlier this season and reflects greater than expected expansion in business activity and increased Government purchases. (See figure on cover page.)

During February spinning mills operated at the rate of about 115 percent of normal two-shift operation (80 hours per week) compared with 112 percent in January and 100 percent a year ago. The number of mills operating on a three-shift basis increased during February, and the movement seems likely to spread to more and more mills. The annual rate of consumption in February, when adjusted for seasonal variations, was equivalent to about 9-1/2 million bales. This rate if maintained for the remainder of the season would result in a 9.2 million bale consumption for the year ended July next. This would mean an increase of 1.4 million bales over the near-record consumption of last season. The previous record high, established in 1936-37, was just under 8 million bales, and the average consumption for the past 5 years was 6.9 million bales.

Most mills are sold well in advance and in some instances they are already booking orders for delivery in the third quarter of the calendar year. Only a part of this forward buying would appear to be speculative, since the volume of business has increased all along the distributive line, making increased forward buying necessary if orders are to be sufficient to continue to cover anticipated needs any length of time in advance. In addition to this influence, however, trade sources report a growing feeling that advances are likely to occur in wages and raw cotton prices with accompanying increased prices of cotton products. This adds to the volume of forward buying. It seems quite likely, therefore, that activity for the remainder of the season will average little if any less than in February.

There are a number of factors which have contributed to the marked increase in domestic consumption this season. These may be classified into two broad classes as those resulting directly or indirectly from the defense program, and those which are relatively little influenced by the defense program.

The first of these includes direct Government purchases of cotton textiles and direct purchases of products which in their manufacturing require the use or inclusion of cotton or cotton textiles. (The cotton in automobile tires purchased by the Government is an example of the latter.) In addition, Government buying of defense materials, irrespective of whether or not they contain cotton, results in an increased level of business activity and higher consumer incomes. These in turn are reflected in a higher level of cotton consumption than would otherwise prevail.

Those factors which are relatively little influenced by the defense program include several Government cotton surplus disposal programs and also reduced competition from European and Asiatic textiles. The Government surplus disposal programs include subsidy payments on cotton products exporte as well as subsidies on some cotton and cotton products consumed domestically Among these are the Mattress, Stamp Plan, Cotton Bagging for Cotton Bales, an the Cotton Insulating Programs. While some of these were effective last season, most of them were expanded so that their effect on cotton consumption wil probably be greater this season than last, and consumption in both seasons wi be materially above the average for the last 5 years.

Foreign consumption greatly restricted by European and Asiatic wars; stocks of American cotton in foreign countries declining

The outlook for consumption of cotton in foreign countries this season stands out in sharp contrast with the bright outlook for domestic consumption. Most of continental Europe is largely cut off from supplies of raw cotton, bot American and foreign, with the result that cotton consumption has been at a very low level so far this season and will probably continue greatly restricte despite heavy drawing on stocks.

Consumption in the United Kingdom continued at a relatively high level until recently, but recent and contemplated changes in the regulations governing cotton consumption insure that the level of consumption during the remaind of the season will be materially below the level which prevailed during the first half of the season. This reduction is intended to conserve shipping space and foreign exchange and release labor and power for use in munitions plants. It is intended that most of this reduction will be at the expense of domestic civilian consumption but shipping and exchange difficulties may retar exports of textiles and the importation of raw cotton by Great Britain.

The impact of both the European and Asiatic wars is also being felt by the cotton industry in China and Japan. Japan in particular finds that produc tion costs have increased because of the Asiatic war and the necessity of making the textile industry subordinate to the war industries. Reduced export outlets, increased manufacturing costs, and regulations prohibiting the civili consumption of all-cotton goods have reduced distribution below the recent lev el of production so that at the end of December there was estimated to have been a surplus of about 10 months' export supply of cotton textiles in Japan. The Japanese-owned mills in both the occupied areas of China and in Shanghai are operating on a very restricted basis, whereas the Chinese mills in unoccupied areas and in Shanghai are operating at a very high level. British-owned mills in China occupy a middle position, but cotton consumption in China is at a comparatively low level for the entire country because of the preponde ance of Japanese-owned mills.

Cotton consumption in British India, as in the United States, has been at a record high level this season. Some of the contributing factors are military orders of cotton textiles for the British Government, gradually decreasin imports and increasing exports of cotton textiles, speculative buying by India distributors, and improved consumer demand.

Under the stimulus of some of the same factors mentioned for India, Canadian mills have been very active so far this season. During the first hal of the current season Canadian consumption materially exceeded the corresponding months a year earlier when a new record high for the entire year, of 391,000 bales, was reached. The total for this season may equal or exceed tha of 1939-40.

COTTON, FOREIGN: WORLD SUPPLY AND CONSUMPTION, 1920-40

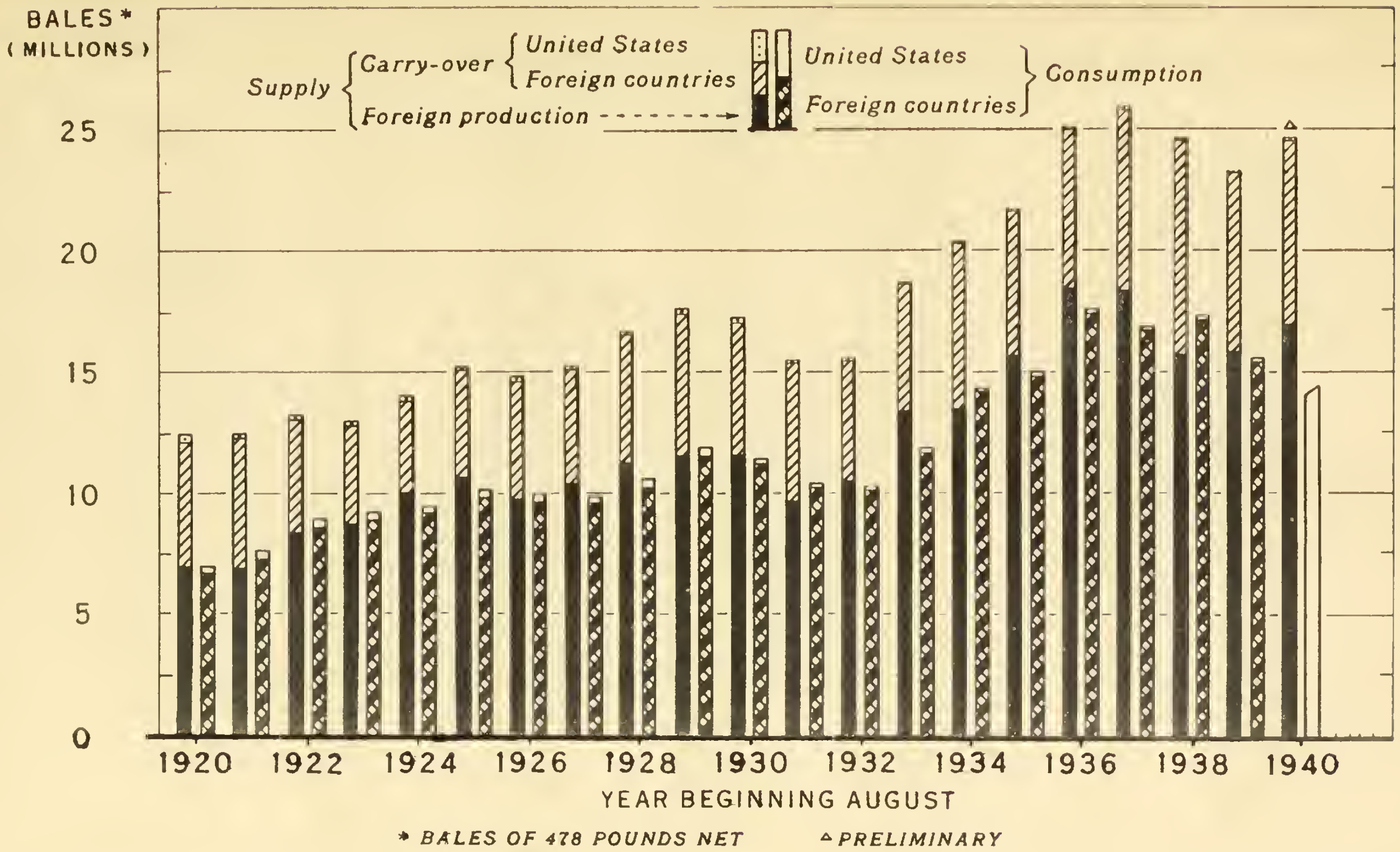


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FIGURE 2.- THE 1940-41 SEASON IS THE FIFTH CONSECUTIVE YEAR THAT THE WORLD SUPPLY OF FOREIGN COTTON HAS BEEN BETWEEN 23 AND 26 MILLION BALES. PRIOR TO 1933 IT HAD NEVER EXCEEDED 17.5 MILLION BALES. THE LARGE SUPPLY OF FOREIGN COTTON IN RECENT YEARS IS DUE PRIMARILY TO RECORD OR NEAR-RECORD PRODUCTION. THE CARRY-OVER HAS INCREASED RELATIVELY LESS THAN PRODUCTION. THIS MEANS THAT WORLD CONSUMPTION OF FOREIGN COTTON HAS ALMOST KEPT PACE WITH THE INCREASED PRODUCTION OF SUCH COTTON. THE RESTRICTED WORLD CONSUMPTION IN 1940-41, HOWEVER, WILL GREATLY INCREASE THE 1941 WORLD CARRY-OVER OF FOREIGN COTTON.

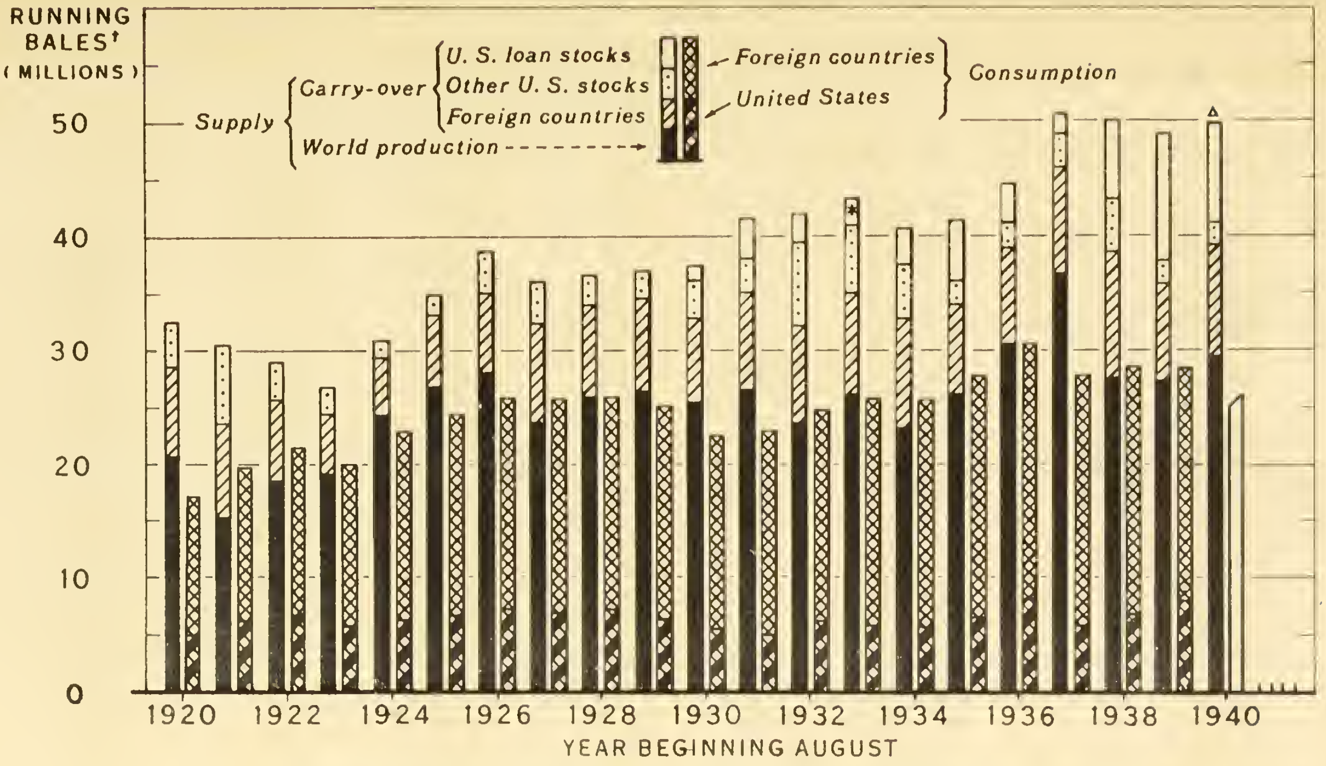
Table 2.- Cotton, foreign: World supply and consumption, 1920-40

Year beginning August	Supply					Mill consumption		
	World production	Carry-over August 1			World total supply	United States	Foreign countries	World total consumption
		United States stocks	Foreign countries	World total carry-over				
	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/
1920	6,964	283	5,131	5,414	12,378	216	6,667	6,833
1921	6,888	172	5,323	5,495	12,383	297	7,272	7,569
1922	8,327	166	4,648	4,814	13,141	341	8,547	8,388
1923	8,760	196	4,057	4,253	13,013	328	8,782	9,110
1924	10,088	117	3,786	3,903	13,991	276	9,147	9,423
1925	10,562	107	4,461	4,568	15,130	280	9,878	10,158
1926	9,768	129	4,843	4,972	14,740	310	9,621	9,931
1927	10,386	100	4,709	4,809	15,195	299	9,567	9,866
1928	11,247	111	5,218	5,329	16,576	313	10,239	10,552
1929	11,535	182	5,842	6,024	17,559	303	11,551	11,854
1930	11,503	208	5,497	5,705	17,208	179	11,197	11,376
1931	9,602	107	5,725	5,832	15,434	122	10,239	10,361
1932	10,500	93	4,975	5,073	15,573	133	10,133	10,266
1933	13,354	83	5,224	5,307	18,661	147	11,675	11,822
1934	13,466	96	6,743	6,839	20,305	120	14,154	14,274
1935	15,646	71	5,960	6,031	21,677	130	14,896	15,026
1936	18,354	73	6,578	6,651	25,005	182	17,363	17,545
1937	18,333	112	7,348	7,460	25,793	132	2/ 16,646	2/ 16,778
1938	15,839	87	8,828	8,915	24,754	122	17,136	17,258
1939	15,851	76	7,420	7,496	23,347	129	15,456	15,585
1940 3/	17,011	95	7,667	7,762	24,773			

Compiled mostly from reports of the Bureau of the Census and the New York Cotton Exchange Service.

1/ 478 pounds net weight.
2/ Excludes 100,000 bales destroyed in China.
3/ Preliminary.

COTTON, ALL KINDS: WORLD SUPPLY AND CONSUMPTION, 1920-40



†AMERICAN IN RUNNING BALES (COUNTING ROUND BALES AS HALF BALES); FOREIGN IN BALES OF 478 POUNDS NET

*LOAN STOCKS ON MAY 30, 1933

△PRELIMINARY

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FIGURE 3.- THE 1940-41 SEASON IS THE FOURTH CONSECUTIVE YEAR THAT THE TOTAL WORLD SUPPLY OF COTTON HAS BEEN CLOSE TO 50 MILLION BALES. PRIOR TO THESE YEARS IT HAD NEVER REACHED 45 MILLION BALES. WORLD PRODUCTION ALSO HAS BEEN UNUSUALLY HIGH IN RECENT YEARS. NEVERTHELESS, THE CARRY-OVER HAS BECOME MUCH LARGER RELATIVE TO PRODUCTION AND IN THE LAST 3 YEARS CONSTITUTED 41 TO 45 PERCENT OF THE TOTAL SUPPLY. WORLD MILL CONSUMPTION IN THE LAST 4 YEARS OF 28 TO 31 MILLION BALES HAS BEEN CONSIDERABLY HIGHER THAN EVER BEFORE. THE BRITISH BLOCKADE, TOGETHER WITH OTHER DEVELOPMENTS, HAS REDUCED WORLD CONSUMPTION IN 1940-41 DESPITE A RECORD HIGH CONSUMPTION IN THE UNITED STATES. IF THESE CONDITIONS CONTINUE WORLD CONSUMPTION WILL BE RESTRICTED NEXT SEASON.

Table 3.- Cotton, all kinds: World supply and consumption, 1920-40

Year beginning August	Supply						Mill consumption 1/		
	World production	Carry-over August 1				World total supply	United States	Foreign countries	World total consumption
		United States		Foreign countries	World total carry-over				
		Loan stocks	Other stocks						
	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/	1,000 bales 2/
1920	20,628	0	3,824	7,928	11,752	32,380	4,893	12,258	17,151
1921	15,173	0	6,896	8,273	15,169	30,342	5,910	13,868	19,778
1922	18,451	0	3,322	7,172	10,494	28,945	6,666	14,671	21,337
1923	19,090	0	2,325	5,246	7,571	26,661	5,681	14,346	20,027
1924	24,094	0	1,556	5,058	6,614	30,708	6,193	16,541	22,734
1925	26,743	0	1,610	6,338	7,948	34,691	6,456	17,712	24,168
1926	27,930	0	3,542	6,931	10,473	38,403	7,190	18,489	25,679
1927	23,343	0	3,762	8,892	12,654	35,997	6,834	18,608	25,442
1928	25,802	0	2,536	7,999	10,535	36,337	7,091	18,687	25,778
1929	26,251	0	2,313	8,228	10,541	36,792	6,106	18,769	24,875
1930	25,376	1,312	3,218	7,362	11,892	37,268	5,263	17,169	22,432
1931	26,479	3,393	2,977	8,438	14,808	41,287	4,866	18,023	22,889
1932	23,461	2,379	7,299	8,658	18,336	41,797	6,137	18,514	24,651
1933	26,066	3/2,206	3/5,962	8,952	17,116	43,182	5,700	19,902	25,602
1934	23,042	3,002	4,742	9,796	17,540	40,582	5,361	20,119	25,480
1935	26,141	6,027	1,181	7,864	15,072	41,213	6,351	21,178	27,529
1936	30,729	3,237	2,172	8,240	13,649	44,378	7,950	22,688	30,638
1937	36,745	1,665	2,834	9,196	13,695	50,440	5,748	21,825	27,573
1938	27,504	6,964	4,569	11,169	22,702	50,206	6,858	21,649	28,507
1939	27,367	11,049	1,984	8,600	21,633	49,000	7,784	20,677	28,461
1940 4/	29,536	8,717	1,997	9,740	20,454	49,990			

Compiled mostly from reports of the Bureau of the Census and the New York Cotton Exchange Service.

1/ Excluding 20,000 to 175,000 bales destroyed annually.

2/ American in running bales (counting round bales as half bales), and foreign in bales of approximately 478 lb. net weight.

3/ Loan stocks on May 30, 1933; Aug. 1 stocks not available.

4/ Preliminary.

Domestic price average same as year ago; American cotton relatively overpriced in some foreign markets

So far this season the price of Middling 15/16" cotton in the 10 markets has ranged from 9.27 to 10.70 cents per pound, and on only 1 day (October 14) did it fall below the average Government loan rate for those markets of 9.3[illegible] cents per pound. During the corresponding period last season the daily average ranged between 8.70 and 11.28 cents. The price this season generally exceeded that of a year ago from the beginning of August to the end of November, but was below last season's level from late November to mid-March. Recently the 1940-41 price has climbed back above the corresponding price last season. For the seven months (August-February) the 10-market average was 9.79 cents compared with 9.84 a year ago.

This season's prices have been relatively free of excessive erratic fluctuations and when plotted present the appearance of a relatively smooth line falling until the season's low was reached on October 14, after which it slowly climbed until recently when it entirely recovered from the loss earlier in the season and then pushed on slightly higher. The farm price followed the same general pattern as the 10-market price but at a lower level, the margin being narrowed during the heaviest part of the ginning season (table 8). The average farm price for the first 7 months averaged 9.34 cents compared with 9.30 cents per pound a year earlier.

The gain of about 2/3 cent in cotton in the 10-market prices during the past month and a half resulted in part from the improving outlook for domestic consumption, but trade reports attribute some of the rise to a feeling among people in the cotton trade that additional legislation or higher 1941 Government loans may raise the price of new crop cotton. This is borne out in part by relatively larger rises in new crop futures, which from about the middle of February to the latter part of March advanced about one cent per pound, whereas old crop futures and spots advanced from about 1/3 to 1/2 cent.

Supported as it has been by the 1940 Government loan, a possible 1941 loan and the highest domestic consumption on record, the domestic price this season has remained considerably above the price at which it could successfully compete on a price basis with foreign cotton in most accessible foreign markets. (tables 9 and 10). Prices of cotton in some of the other important exporting countries are far below those prevailing in the United States this season. For instance, the price of Sao Paulo type 5 in Sao Paulo (Brazil) has ranged from about 2-3/4 cents to 4-1/3 cents per pound below the New Orleans price of Middling 15/16" during the first 7-1/2 months of this season and on March 21 was about 4 cents. Likewise, the Bombay price of Indian Oomra Fine No. 1 has ranged from about 2-5/6 to 5 cents below the New Orleans price of Middling 15/16" cotton, which is a much wider margin than normally exists. As a result of these price differences American cotton is finding it extremely difficult to compete with these two growths in the Orient, and were it not for the absolute shortage of shipping space from Brazil to Japan it is extremely doubtful that we would have exported as much cotton to the Orient as has already been shipped. Because of a price advantage of about 1-1/2 to 2 cents per pound in favor of Brazilian cotton delivered to Canadian mills, the Unit States has also lost a large portion of the Canadian market for raw cotton this season. In January Canadian mills used more Brazilian cotton than American cotton for the first time in history.

In the United Kingdom various factors including price control measures, import quotas, and higher shipping rates have accompanied the European war with the result that in the last 4 or 5 months the price ratios of American to other growths in Liverpool favor the use of American cotton. This would normally result in an increase in British imports of American cotton in relation to other growths but under the prevailing war situation it appears that to a considerable extent the British have been concentrating their purchases on non-American cotton.

Income from cotton and cottonseed higher in 1940 than in 1939

On the basis of preliminary estimates, farm returns from lint for the 1940 crop apparently will total about 596 million dollars compared with 537 million last season, a gain of about 11 percent (fig. 4 and table 4). On th basis of the average ratio (for the past 5-year period) of the value of cott seed sold to the value of production, receipts from cottonseed in 1940 may b about 88 million dollars compared with 79 million last year. Combined recei from cotton and cottonseed, therefore, are estimated to total about 684 milli or 884 million if Government payments are added. These totals are 11 and 6 percent respectively above the 1939 figures.

OUTLOOK FOR 1941-42

World carry-over to establish new high record; prospects for high domestic but low foreign consumption

The carry-over of American cotton on August 1, 1941 is expected to be from 13-3/4 to 14-1/4 million bales, or from 1 to 1-1/2 million larger than at the beginning of the present season. A larger increase will occur in Government owned or held stocks which at the beginning of the season totaled 8.7 million bales. At the end of February Government stocks totaled about 11 million bales. During the remainder of the season withdrawals will proba exceed new cotton entering the 1940 Government loan so the total at the end of the season will probably be smaller than at the end of February. Should the acreage of cotton in 1941 be the same as that of this season and the yie equal the average for the preceding 5 years, the production for the coming season would be equivalent to about 12.0 million running bales, including adjustment for city crop (12.2 million bales of 500 pounds gross weight), compared with 12-1/2 million running bales this year. Such a crop with the above carry-over would make a total supply of American cotton in 1941 slight larger than that of the current season. Several factors, however, which may make conditions quite different are that the 1941 Agricultural Adjustment Administration allotments are to be somewhat smaller than in 1940 and consid ably smaller than the average for the past 5 years. There is also the suppl mentary program discussed below which is designated to reduce the 1941 acrea materially below that of 1940. On the other hand, fertilizer tag sales in the Southern States are larger than in recent years (table 11). With about the same or a reduced acreage of cotton in 1941 compared with 1940 the large purchases of fertilizer would tend to indicate larger fertilizer applicatio per acre of cotton grown.

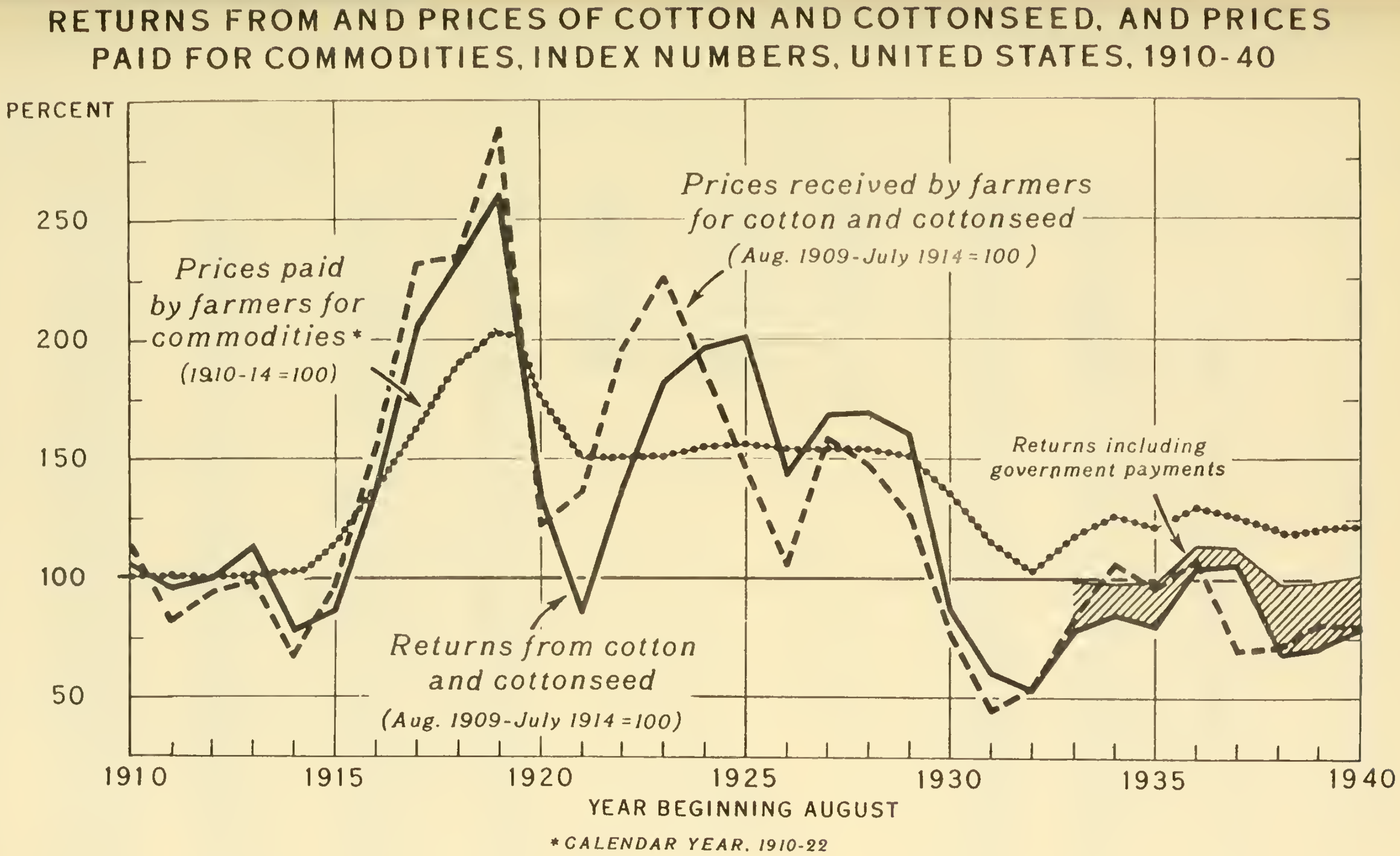

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FIGURE 4.- FARM PRICES OF COTTON AND COTTONSEED INCREASED MATERIALLY FROM 1932 TO 1936, MUCH MORE THAN THE PRICES OF COMMODITIES FARMERS BUY. FARM RETURNS FROM COTTON AND COTTONSEED ALSO INCREASED MATERIALLY DURING THIS PERIOD. SINCE 1936, HOWEVER, COTTON AND COTTONSEED PRICES HAVE BEEN MUCH LOWER THAN IN 1933-36. THE COMPARATIVELY LOW LEVEL OF PRICES, TOGETHER WITH SMALLER THAN AVERAGE CROPS SINCE 1937, HAS RESULTED IN SMALLER FARM RETURNS THAN FROM 1934-37. RETURNS FROM COTTON AND COTTONSEED (INCLUDING GOVERNMENT PAYMENTS) HAVE BEEN ABOUT THE SAME IN THE LAST 3 YEARS AS THE 5-YEAR AVERAGE 1909-13.

Returns from and prices of cotton and cottonseed, and prices paid by farmers for commodities, United States, 1909-40

Year beginning August	Returns from marketings				Government payments	Returns including Government payments		Prices received by farmers			Index numbers of prices paid by farmers for commodities 3/
	Cotton lint	Cottonseed	Total								
			Actual	Index numbers 1/		Actual	Index numbers 1/	Cotton, per pound	Cottonseed, per ton 2/	Index numbers of cotton and cottonseed 1/	
	1,000 dol.	1,000 dol.	1,000 dol.		1,000 dol.	1,000 dol.		Ct.	Dol.		
1909	676,533	71,833	748,366	86.2				13.52	24.35	4/	4/
1910	810,487	100,113	910,600	104.9				13.96	26.11	114	100
1911	756,912	77,092	834,004	96.1				9.65	17.18	82	100
1912	787,682	77,023	864,705	99.6				11.50	18.36	94	100
1913	882,418	98,679	981,097	113.1				12.47	21.96	100	100
1914	592,030	82,496	674,526	77.7				7.35	15.51	67	102
1915	626,885	118,321	745,206	85.9				11.22	30.15	97	114
1916	993,770	193,578	1,187,348	136.8				17.36	45.63	156	136
1917	1,528,384	262,112	1,790,496	206.3				27.09	64.28	232	162
1918	1,735,152	275,568	2,010,720	231.7				28.88	65.23	235	189
1919	2,016,219	244,732	2,260,951	260.6				35.34	65.79	289	202
1920	1,066,695	91,299	1,157,994	133.4				15.89	25.65	122	176
1921	675,547	74,378	749,925	86.4				17.00	29.14	136	150
1922	1,116,189	88,163	1,204,352	138.8				22.88	30.42	197	150
1923	1,454,009	124,183	1,578,192	181.9				28.69	41.23	227	151
1924	1,561,597	142,514	1,704,111	196.4				22.91	33.25	186	155
1925	1,578,714	162,641	1,741,355	200.7				19.61	31.59	146	156
1926	1,121,059	130,774	1,251,833	144.3				12.47	22.04	105	154
1927	1,308,122	148,200	1,456,322	167.8				20.19	34.83	157	154
1928	1,302,082	162,104	1,464,186	168.7				17.99	34.13	148	154
1929	1,245,271	145,718	1,390,989	160.3				16.79	30.95	126	151
1930	659,155	92,849	752,004	86.7				9.46	22.05	77	135
1931	483,641	42,427	526,068	60.6				5.66	8.96	45	115
1932	424,058	40,384	464,442	53.5				6.52	10.32	54	103
1933	630,024	48,501	678,525	78.2	181,025	859,550	99.1	10.17	12.89	84	118
1934	629,057	105,858	734,915	84.7	115,226	850,141	98.0	12.36	33.09	106	126
1935	590,214	105,026	695,240	80.1	160,222	855,462	98.6	11.09	30.54	96	122
1936	764,393	141,289	905,682	104.4	86,884	992,566	114.4	12.33	33.41	108	130
1937	796,254	116,360	912,614	105.2	68,742	981,356	113.1	8.41	19.51	70	126
1938	308,048	82,947	590,995	68.1	265,595	856,590	98.7	8.60	21.81	71	120
1939 5/	536,923	78,673	615,596	70.9	215,012	830,608	95.7	9.09	21.26	80	122
1940 6/	595,720	88,000	683,720	78.8	200,372	884,092	101.9	9.39	7/ 21.48	8/ 79	8/ 122
1941											

1/ August 1909-July 1914 = 100.
2/ Weighted by sales.
3/ Calendar years 1910-14 = 100. Prior to 1923, average of successive calendar years.
4/ Comparable data not available.
5/ Preliminary.
6/ Preliminary estimates. Returns from marketings based on value of production estimates of Agricultural Marketing Service.
7/ Weighted by production.
8/ Average for 7 months, August-February.

Domestic consumption seems almost certain to continue at a very high level during the remainder of this season and in at least the early part of next season. If the national defense program continues on as large a scale as now seems likely and if the cotton mattress program is as important as it was this season, cotton consumption in the United States for the 1941-42 season as a whole should be maintained at a very high level. Because of uncertainties as to developments in the European and Asiatic wars it is difficult to forecast cotton consumption in foreign countries for the coming season. It is, nevertheless, expected to continue much below normal. Even the same low level of foreign consumption of American cotton cannot continue throughout the coming season without increased imports of American cotton, for it would be impossible to draw on stocks to anything like the same extent as in the current 1940-41 season. American cotton will continue to face keen competition from foreign cotton in other countries for economic, military, and diplomatic reasons, and it may also encounter growing competition, both at home and abroad from other fibers. If the war continues somewhat as in recent weeks or on a more intensified scale foreign consumption of American cotton seems likely to be considerably smaller next season than in 1940-41. This would be true even if exports of American cotton were larger than those of the current season.

Cotton farmers should consider their cost structure and outlets for other crops in planning their 1941 farming operations

The outlook for cotton is but one of the important factors a cotton farmer should consider in planning his farming operations. He needs also to consider the provisions of the Agricultural Adjustment Administration programs as they are likely to affect his cropping system, the opportunities for other crops, and the costs of the various articles he will need to buy in making his crop. If the farmer decides to cooperate in the Agricultural Adjustment Administration programs it is still necessary to determine the acreage in crops other than cotton, the amount of hired labor to employ, and the amount of machinery, fertilizer, and other supplies to purchase.

In most respects the 1941 Agricultural Adjustment Administration program is very similar to that for 1940 although the price adjustment payments have been reduced from 1.44 cents per pound to 1.37 cents and cotton payments eliminated on new (C-2) farms. This might tend to reduce the extent of participation on the part of some farmers but any influence this might have on participation may be more than offset by a supplementary cotton program which is intended to encourage a reduced 1941 cotton acreage. This supplementary program provides for the payment of cotton order stamps at the rate of 10 cents per pound on the normal cotton yield of the acreage diverted under this supplementary program, the diversion to be made from the 1941 acreage allotment or the 1940 measured acreage, whichever is smaller. Under this program, payments are to be restricted to not more than 25 dollars per family with respect to one farm (fifty dollars in the case of a person interested in 2 or more farms or the operator of a farm with two or more tenants or sharecroppers). No payment shall be made to any producer with respect to a farm for which the computed cotton order stamp payment is less than five dollars.

In planning and conducting his farming operations it has already been mentioned that the cotton farmer should consider the present and prospective prices of the various items which involve a cash outlay (fig. 5). Farm wage rates are likely to be higher this season than last partly because of the national defense program. The available supply of farm labor is likely to be substantially reduced by the withdrawal of labor into military service under the Selective Service Act, and by the sharp increase in industrial production with the accompanying increase in nonfarm employment. Other cost items which appear likely to be higher this year than last for the Cotton Bel as a whole, are building materials, equipment, and supplies. Those for whic the price appears to be lower are farm machinery, seed, and work stock. Fertilizer is now being purchased at prices lower than a year ago and the volume of tag sales indicates that farmers in the Southern States are buying more fertilizer this year than last. With the same or a smaller acreage of cotton this would indicate larger applications per acre in cotton.

The Southern farmer needs also to consider his income opportunities from other agricultural products. During the coming months the general business outlook is indicative of increased employment, higher consumer incomes, and in some cases higher prices for the products which are now being or could be produced on Southern farms. Some farmers who have outlets for livestock and dairy, vegetable, and other products may find it profitable to expand these enterprises.

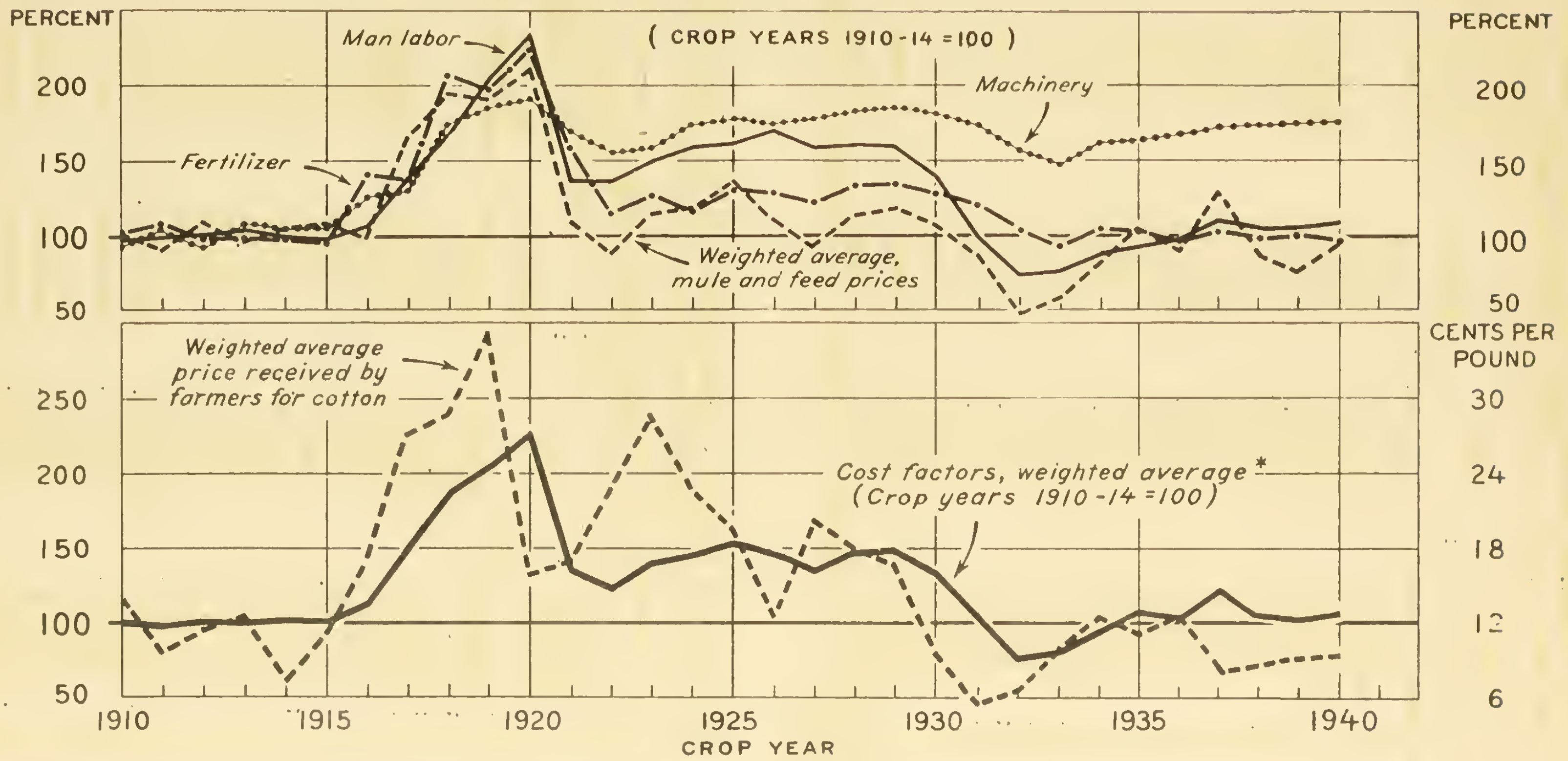
Table 5.- Cotton: Exports from specified countries average 1929-30 to 1938-39, and seasons 1938-39 to date

Country of origin and destination	Feb.					Aug.-Feb.				
	10-yr. av. 1929-30 to 1938-39	1939	1940	1941	1941 as a pct. of 1940	10-yr. av. 1929-30 to 1938-39	1938-39	1939-40	1940-41	1940- as pct. 1939-
	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	Pct.	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	1,000 bales 1/	Pct.
United States to										
United Kingdom	87	34	193	13	6.7	872	319	1,526	340	22.
Canada	16	11	38	18	44.4	144	142	257	103	40.1
Japan	126	66	92	10	10.9	1,003	594	675	49	7.
China	22	4	77	8	10.4	183	44	355	21	5.
Russia	2/	0	0	0	---	13	0	0	139	---
Germany	75	26	0	0	---	793	226	19	0	0
France	45	10	130	0	0	536	304	618	0	0
Italy	45	24	74	0	0	365	198	385	0	0
Spain	15	14	31	0	0	128	15	221	0	0
Belgium	11	5	42	0	0	95	62	136	0	0
Other countries	51	70	70	12	17.1	423	552	725	73	10.1
Total 3/ ..	493	264	747	61	8.2	4,555	2,456	4,917	725	14.

Compiled from official sources.

1/ American in running bales (counting round bales as half bales), foreign in bales of 478 pounds net. 2/ Less than 500 bales. 3/ Totals were made before figures wer rounded to thousands.

COTTON: COST FACTORS IN PRODUCTION (INDEX NUMBERS), AND PRICE RECEIVED BY FARMERS, UNITED STATES, 1910-40



* MULE AND FEED PRICES, MACHINERY, FERTILIZER, MAN LABOR, COTTONSEED, AND GINNING COSTS

1940 DATA ARE PRELIMINARY

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FIGURE 5.- THE INDEX NUMBERS OF MOST OF THE MORE IMPORTANT COST FACTORS IN COTTON PRODUCTION HAVE RISEN MATERIALLY SINCE 1931 OR 1932. FROM THE STANDPOINT OF COSTS PER POUND OF COTTON PRODUCED, HOWEVER, INCREASED YIELD PER ACRE SINCE 1932 HAS BEEN AN IMPORTANT OFFSETTING FACTOR.

Table 6.- Cotton, all kinds: Exports from the United States and percentage change, 1935-40

Period	Year beginning August				
	Average 1935-39	1939	1940 1/		
			Actual	As a percentage of	
				Average 1935-39	1939
	1,000 running bales	1,000 running bales	1,000 running bales	Percent	Percent
Aug.	211.9	214.5	65.4	30.9	30.5
Sept.	541.4	644.3	90.6	16.7	14.1
Oct.	744.2	885.2	194.7	26.2	22.0
Nov.	737.1	583.6	144.7	19.6	24.8
Dec.	681.1	806.7	112.6	16.5	14.0
Jan.	610.7	1,035.4	56.2	9.2	5.4
Feb.	460.3	746.7	60.6	13.2	8.1
Aug.-Feb.	3,986.7	4,916.5	724.7	18.2	14.7
Mar.	412.4	433.8			
Apr.	325.2	344.6			
May	247.5	226.5			
June	190.0	133.5			
July	143.9	136.8			
Total for season	5,305.9	6,191.7			

Compiled from reports of the Bureau of Foreign and Domestic Commerce and the Bureau of the Census.

1/ Preliminary.

Table 7.- Cotton, all kinds: Consumption in the United States and percentage change, 1935-40

Period	Year beginning August				
	Average 1935-39	1939	1940 1/		
			Actual	As a percentage of	
				Average 1935-39	1939
	1,000 running bales	1,000 running bales	1,000 running bales	Percent	Percent
Aug.	555.4	630.7	654.5	117.8	103.8
Sept.	567.9	624.2	639.3	112.6	102.4
Oct.	591.7	686.5	770.7	130.3	112.3
Nov.	587.2	718.7	744.1	126.7	103.5
Dec.	568.5	650.1	775.5	136.4	119.3
Jan.	606.5	731.8	843.3	139.0	115.2
Feb.	566.6	661.8	793.6	140.1	119.9
Aug.-Feb.	4,043.8	4,703.7	5,220.9	129.1	111.0
Mar.	623.5	627.2			
Apr.	575.0	623.1			
May	574.9	641.6			
June	564.6	565.4			
July	556.5	622.7			
Total for year	6,938.3	7,783.8			

Compiled from reports of the Bureau of the Census.

1/ Preliminary.

Table 8.- Cotton prices, mill margins and specified index numbers, United States, annual 1929-39, monthly August 1940-February 1941 1/

Year eginning August	Price of cotton per pound: Received by farmers 15th of month	Parity 2/	Middling 15/16" cotton-average for 10 markets 3/	Mill margin 4/	Index numbers: Cotton consumption (1935-39=100) 5/	Industrial production (1935-39=100) 5/	Wholesale prices (1910-14=100) 6/	Prices paid by farmers (1910-14=100)
	Cents	Cents	Cents	Cents				
929	15.50	20.30	16.23	15.19	91	101	134	151
930	9.22	13.35	10.02	12.17	78	81	114	135
931	5.61	15.84	6.10	9.43	73	63	99	115
932	6.90	14.29	7.29	10.07	92	62	92	103
933	10.55	15.52	11.00	13.95	85	76	106	118
934	12.27	16.28	12.70	11.83	80	79	114	126
935	11.29	15.76	11.92	12.63	94	96	117	122
936	12.64	15.63	13.29	16.59	120	116	124	130
937	8.39	16.25	9.09	12.15	86	92	119	126
938	8.38	15.63	8.99	10.44	103	99	112	120
939	9.50	15.81	10.09	12.68	116	117	114	122
940-41 7/								
ugust	9.23	15.75	9.91	11.23	124	121	113	122
eptember	9.23	15.75	9.48	12.26	120	125	114	122
ctober	9.35	15.75	9.38	13.31	126	129	115	122
ovember	9.38	15.75	9.66	14.24	135	132	116	122
ecember	9.33	15.87	9.86	14.50	145	138	117	122
anuary	9.45	15.87	10.10	14.94	138	139	118	123
ebruary	9.44	15.87	10.13	16.00	142	139	118	123

/ All annual data on an August 1 year. The annual figure is the simple average f the 12 monthly figures.

/ Average United States farm price for the 5 years August 1909-July 1914 of 12.4 ents times the index of prices paid by farmers, interest, and taxes (1910-14 = 100).

/ Prices for 1929 through 1936 are the premiums of 15/16" cotton at six markets Dallas, Galveston, Houston, Little Rock, Memphis, and New Orleans) added to the rice of 7/8" cotton in the 10 markets. Prices for 1937 and 1938 are the premiums or this quality in the 10 designated markets added to the price of 7/8" cotton in he 10 markets. Since 1939 prices are as quoted on Middling 15/16" cotton in the 0 designated markets.

/ Mill margins on unfinished cloth (17 constructions).

/ Federal Reserve Board, adjusted for seasonal variation.

/ Bureau of Labor Statistics 1926 = 100, converted to 1910-14 = 100.

/ Preliminary.

Table 9.- Cotton: Spot price per pound, specified growths at Liverpool and Osaka, specified periods

Season, month or day	Liverpool, England							Osaka, Japan		
	American	Indian		Egyptian		Brazilian		American	Indian	
		Fine Oomra #1		F.G.F. Uppers		Fair, Sao Paulo			Acola 1/	
	Middling Fair Staple	Actual	As a % of American Middling	Actual	As a % of American Middling	Actual	As a % of American Middling	Strict Middling	Actual	As a % of American strict Middling
	Ct.	Ct.	Pct.	Ct.	Pct.	Ct.	Pct.	Ct.	Ct.	Pct.
10-year average 1927-28 to 1936-37	14.50	11.19	77.2	17.12	118.1	14.08	97.1	14.94	11.02	73.8
1936-37	14.62	10.87	74.4	17.40	119.0	14.12	96.6	15.75	11.29	71.7
1937-38	10.31	7.96	77.2	13.10	127.1	10.18	98.7	12.70	9.59	75.5
1938-39	10.15	7.14	70.3	11.80	116.3	9.63	94.9	14.06	7.61	54.1
1939-40	12.64	9.94	78.6	15.76	124.7	12.49	98.8	12.33	8.85	71.8
1939-40										
Aug.	10.16	7.38	72.6	11.35	111.7	9.37	92.2	9.64	7.35	76.2
Sept.	11.21	8.56	76.4	12.49	111.4	10.71	95.5	10.43	8.28	79.4
Oct.	10.65	8.41	79.0	12.03	113.0	10.45	98.1	10.78	8.28	76.8
Nov.	11.66	9.46	81.1	12.70	108.9	11.59	99.4	10.73	9.23	86.0
Dec.	14.14	11.69	82.7	15.80	111.7	14.14	100.0	13.15	11.29	85.9
Jan.	14.81	12.31	83.1	17.50	118.2	14.87	100.4	13.82	11.03	79.8
Feb.	13.74	11.09	80.7	17.14	124.7	13.94	101.5	13.86	10.06	72.6
Mar.	13.06	10.68	81.8	17.17	131.5	13.23	101.3	13.60	9.39	69.0
Apr.	13.47	10.70	79.4	17.64	131.0	13.47	100.0	13.52	8.38	65.7
May	12.95	10.23	79.0	17.44	134.7	12.95	100.0	12.82	7.67	59.8
June	12.61	9.37	74.3	18.26	144.8	12.43	98.6	12.87	6.39	53.5
July	13.25	9.46	71.4	19.54	147.5	12.71	95.9	12.71	7.32	61.5
1940-41										
Aug.	13.50	9.76	72.3	20.50	151.9	13.10	97.0	12.31	8.37	68.0
Sept.	14.20	10.28	72.4	21.31	150.1	13.67	96.3	12.03	8.51	70.7
Oct.	13.65	10.26	74.9	20.81	152.5	13.35	97.8	12.22	7.57	61.9
Nov.	13.84	10.71	77.4	20.27	146.5	13.77	99.5	12.45	7.73	62.1
Dec.	14.20	11.22	79.0	19.33	136.1	14.29	100.6	12.70	7.14	56.2
Jan.	14.62	11.96	81.8	18.65	127.6	14.62	100.0	12.65	6.78	53.6
Feb.	14.40	11.97	83.1	18.64	129.4	14.40	100.0	1/	1/	1/
Feb. 7	14.36	11.97	83.4	18.63	129.7	14.36	100.0	1/	1/	1/
14	14.39	11.96	83.1	18.68	129.8	14.39	100.0	1/	1/	1/
21	14.36	11.97	83.4	18.67	130.0	14.36	100.0	1/	1/	1/
28	14.49	11.97	82.6	18.57	128.2	14.49	100.0	1/	1/	1/
Mar. 7	14.52	12.01	82.7	18.65	128.4	14.52	100.0	1/	1/	1/

Table 9.- Cotton: Spot price per pound, specified growths at Liverpool and Osaka, specified periods, - Continued

Prices at Liverpool are compiled from reports of the Liverpool Cotton Association except for recent weeks which are from cables and reports of the New York Cotton Exchange. Prices were reported in pence per pound and converted to cents per pound at current official rates of exchange. Prices at Osaka are from "The Ten-Days Return of Cotton", Osaka, and cables to the Bureau of Agricultural Economics. They were reported in yen per picul and converted to cents per pound using monthly exchange rates as reported by the Federal Reserve Board; all prices in foreign countries based on net weight.

1/ Not available.

Table 10.- Cotton: Spot price per pound and spread between prices in specified markets, 10-year average 1927-28 to 1936-37 and 1936-37 to date

Season, month or day	American Middling			Indian			Brazilian		Egyptian Upper	
	New Orleans 15/16"	Spread of Liverpool over New Orleans 1/	Spread of Osaka over New Orleans 1/	Bombay	Spread of Liverpool over Bombay 1/	Spread of Osaka over Bombay	Sao Paulo	Spread of Liverpool over Sao Paulo 1/	Alexandria	Spread of Liverpool over Alexandria 1
10-yr. av.	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1927-28 to 1936-37 ...	12.99	1.51	1.95	10.06	1.13	0.96	14.11	-0.03	15.34	1.78
1936-37	13.45	1.17	2.30	10.08	.79	1.21	12.95	1.17	15.46	1.94
1937-38	9.24	1.07	3.46	7.27	.69	2.32	9.26	.92	10.96	2.14
1938-39	9.04	1.11	5.02	6.57	.57	1.04	8.40	1.23	9.92	1.88
1939-40	10.23	2.41	2.10	8.13	1.81	.72	9.04	3.45	12.44	3.32
Aug.	9.18	.98	.46	6.76	.62	.59	7.72	1.65	9.12	2.23
Sept.	9.22	1.99	1.21	7.33	1.23	.95	8.69	2.02	9.34	3.15
Oct.	9.12	1.53	1.66	7.46	.95	.82	8.73	1.72	9.14	2.89
Nov.	9.60	2.06	1.13	8.61	.85	.62	9.76	1.83	10.37	2.33
Dec.	10.84	3.30	2.31	10.50	1.19	.79	11.91	2.23	13.26	2.54
Jan.	10.98	3.83	2.84	10.46	1.85	.57	11.35	3.52	15.10	2.40
Feb.	10.87	2.87	2.99	9.16	1.93	.90	10.70	3.24	14.75	2.39
Mar.	10.63	2.43	2.97	8.78	1.90	.61	9.69	3.54	14.92	2.25
Apr.	10.74	2.73	2.78	8.86	1.84	.02	8.37	4.60	15.13	2.51
May	10.25	2.70	2.57	7.76	2.47	-.09	7.58	5.37	13.38	4.06
June	10.74	1.87	2.13	5.64	3.73	1.25	6.69	5.74	12.56	5.70
July	10.55	2.70	2.16	6.19	3.27	1.63	6.79	5.92	12.26	7.28
1940-41										
Aug.	9.92	3.58	2.39	6.57	3.19	1.80	6.50	6.60	11.80	8.70
Sept.	9.54	4.66	2.49	6.92	3.36	1.59	6.74	6.93	2/11.91	9.40
Oct.	9.47	4.18	2.75	6.58	3.68	.99	6.74	6.61	3/11.91	8.90
Nov.	9.77	4.07	2.68	6.78	3.93	.95	6.98	6.79	4/	4/
Dec.	9.94	4.26	2.76	6.30	4.92	.84	7.18	7.11	4/	4/
Jan.	10.17	4.45	2.48	5.87	6.09	.91	7.05	7.57	4/	4/
Feb.	10.22	4.18	4/	5.61	6.36	4/	6.84	7.56	4/	4/
Feb. 7 ...	10.13	4.25	4/	5.79	6.18	4/	6.77	7.59	4/	4/
14 ...	10.03	4.36	4/	5.66	6.30	4/	6.81	7.58	4/	4/
21 ...	10.33	4.03	4/	5.54	6.43	4/	6.85	7.51	4/	4/
28 ...	10.45	4.04	4/	5.44	6.53	4/	6.93	7.56	4/	4/
Mar. 7 ...	10.53	3.99	4/	5.77	6.24	4/	6.73	7.79	4/	4/
14 ...	10.92	4.01	4/	6.30	6.11	4/	6.56	8.37	4/	4/
21 ...	10.85	4.16	4/	6.88	5.61	4/	6.81	8.20	4/	4/

Prices at New Orleans are from records of the Agricultural Marketing Service. Prices at Bombay are from Bombay Cotton Annual and Financial News through Oct. 1940; since then from New York Cotton Exchange reports. They were converted fr rupees per candy of 784 pounds at current rates of exchange (buying rates in recent weeks) as reported by the Federal Reserve Board.

Prices at Sao Paulo are from official publications and cables. Prices were converted from milreis per 15 kilograms at current rates of exchange until Sept. 1934, Oct. 1934 to Feb. 10, 1935, at open or free market rates, and from Feb. 11 to date at composite averages of official and free market rates; except from Nov. 16, 1937 through Apr. 10, 1939 when free market rates were used. Prices at Alexandria are from the Monthly Bulletin of Agricultural and Economic Statistics. Prices were converted from tallaris per cantar at current monthly rate of exchange through Aug. 1939; since Sept. 1939 converted at official rate of exchange. American prices in the United States based on gross weight; all prices in foreign countries based on net weight. 1/ See preceding table for prices at Liverpool and Osaka. 2/ Price on Sept. 30. 3/ Average of eight quotations through Oct. 1-16. 4/ Not available.

Table 11.- Fertilizer tag sales, by States and areas, 1925-40

Area	August through February					
	5-year average			1939-40	1940-41	1940-41 as a percentage of 1939-40
	1925-29	1930-34	1935-39			
	Tons	Tons	Tons	Tons	Tons	Percent
Alabama	191,440	66,070	112,920	129,250	140,700	108.9
Georgia	303,912	125,801	201,198	184,313	219,854	119.3
South Carolina	289,905	148,303	201,856	188,585	218,694	116.0
Total	785,257	340,174	515,974	502,148	579,248	115.4
Arkansas	48,071	13,534	28,910	39,350	54,550	138.6
Louisiana	86,547	43,461	70,637	81,396	85,194	104.7
Mississippi	136,067	30,468	81,228	128,453	159,852	124.4
Total	270,685	87,463	180,775	249,199	299,596	120.2
Texas	61,633	31,794	43,971	48,053	57,998	120.7
Oklahoma	1/ 4,840	3,632	4,809	4,077	7,301	179.1
Total	66,473	35,426	48,780	52,130	65,299	125.3
Total 8 States	1,122,415	463,063	745,529	803,477	944,143	117.5
Tennessee	47,496	28,678	38,661	30,261	55,271	182.6
Virginia	220,856	168,038	192,404	188,895	194,862	103.2
North Carolina	371,807	243,093	347,966	359,219	359,255	100.0
Florida	309,320	279,385	367,908	394,344	412,175	104.5
Total	949,479	719,194	946,939	972,719	1,021,563	105.0
Total 12 States	2,071,894	1,182,257	1,692,468	1,776,196	1,965,706	110.7

Compiled from reports of the National Fertilizer Association.

1/ Average for 4 years, 1926-29.